

FACTORS INFLUENCING MANAGEMENT PRACTICES IN CONTEMPORARY  
BUSINESS WORLD

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## Factors Influencing Management Practices in Contemporary Business World

The modern business world is characterized by rapid changes in technological advancement and unprecedented events that cause disruptions in how people undertake business activities. Amid the disruptions, job occupations have been getting transformed in ways that have necessitated people and organizations to enhance skills, change work cultures, or venture into different economic activities altogether. While changes in the business environment are mostly interrogated on how frontline and technical workers are affected, little attention has been paid to exploring how the changes impact management practices and managerial personnel. This research paper explores how factors like digitalization, fluctuations in global and regional economic trends, geopolitics, and generational change influence management practices in the modern business world. Unlike other occupations that are either destroyed or transformed by changes in the business environment, the presence of managerial personnel can be expected to remain far into the future. However, leadership communities are necessitated to enhance competencies and adjust managerial practices for them to remain relevant in the fast paced digital-driven business world surrounded by sociocultural and political-economic uncertainties.

### **Meaning of Management Practices**

According to Liu et al.,<sup>1</sup> managerial practices can be termed behaviors and roles that are applicable to all types of managers and organizations. The said practices revolve around planning, monitoring, communication, delegation, consultation, recognition and rewarding, mentoring, and team building. The definition of managerial practices outlined by Liu et al. derives from leadership behavior taxonomy, which categorizes managerial practices as either

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<sup>1</sup> Liu Guanting, Fitri Bin Zainal, Helena Muhammad, F.A. *Effects of Digitalization on Managerial Practices as Experienced by Managers*. Malardalen University. 2020, p.8.

task-oriented, relations-oriented, change-oriented, or external-oriented. Task-oriented practices involve functions of planning, monitoring, delegation, and problem-solving, while relations-oriented practices comprise functions like empowering, career development, mentoring, and rewarding. On the other hand, external-oriented practices are concerned with networking, representation, and monitoring of the external business environment. Change-oriented practices encompass functions pertaining to change advocacy, envisioning organizational goals, facilitation of research and development, and innovation. Any personnel mandated to undertake such functions can thus be said to be engaging in managerial practices.

### **Factors Influencing Managerial Practices**

#### **Digitalization**

In business management context, digitalization is termed as the application of any digital technologies to human activities. On the other hand, managerial practices refer to behavior that is attributed to managers and their roles in running organizations.<sup>2</sup> According to Liu et al., digitalization in business management practices should be considered as the use of technological innovations in the interest of influencing products, services, sales channels, supply chains, and overall business processes. While efforts to incorporate digital technologies in business operations are intended to increase productivity, enhance value creation, or improve customer engagement, the introduction of digital environment in a workplace affects the way people perform duties and engage with each other. In Asad and

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<sup>2</sup> Liu et al. p.7

Manzoor.s view,<sup>3</sup> working in a digital environment provides opportunities for people to work collaboratively toward accomplishing personal and organizational goals.

The place of digitalization in managerial practices manifests in a different way depending on how the inclusion of technology in a business enhance, transform, or diminish the required human input. With reference to the leadership behavior taxonomy outlined by Liu et al. (9),<sup>4</sup> task-oriented managerial practices and relations-oriented practices are most likely to be impacted, either positively or negatively, by inclusion of technologies in working environment. Activities like planning, monitoring, communication, and some aspects of problem-solving allow room for the integration of technological solutions. Nevertheless, managerial functions inclined towards advocating for change, negotiations, and envisioning organizational goals may, to a large extent, demand direct human input from managerial personnel.

The proliferation of advanced technologies in the modern business world, although intended to facilitate automation and digitalization of business processes, has imposed disruptive effects on priorly conventional management practices. The disruptions witnessed in business practices as a result of digitalization create uncertainties on how the inclusion of digital technologies in running business activities is going to affect job occupations. As observed by Bouwman et al., digital technologies are, to a large extent causing a destructive effect on occupations and business practices that are enhanced by automation.<sup>5</sup> Where

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<sup>3</sup> Asad Syeda, Q. and Manzoor Salman, "Effects of Digitalization on Management Practices." *International Journal of Management*, Vol 12(1); 1665-1689.AIEME Publication. 2021., p.1666

<sup>4</sup> Liu et al., p.9

<sup>5</sup> Bouwman Harry, Mark de Reuver, and Nikou Shahrok. The Impact of Digitalization on Business Models: How IT Artefacts, Social Media, and Big Data Force Firms to Innovate their Business Model. Conference Paper. 14th Asia-Pacific Regional Conference of the International Telecommunications Society (ITS): "Mapping ICT into Transformation for the Next Information Society", Kyoto, Japan, 24th-27th June, 2017., p.3

occupations are not destroyed, digitalization is noted to impose transformative changes that necessitate skills development for employees to build the competence required for interaction with sophisticated digital systems. According to Asad and Manzoor, digitalization has significantly changed social and economic aspects of modern society.<sup>6</sup> The leadership community is thus compelled to adopt emerging technologies and explore new practices that defy traditional work practices. While technology has been termed as a causative factor in replacing human labor, it is failure to embrace technology that pose a threat to effectiveness of managers.

### **Economic Disruptions**

Business organizations are being influenced to change management practices due to the occurrence of unprecedented disruptions in the business environment. The threat posed by disruptions can be exemplified by the situation faced by business organizations during and in the aftermath of COVID-19 pandemic. Due to social distancing requirements, cessation of movements, and other restrictions imposed as COVID-19 containment measures, business organizations were necessitated to lay off workers or make arrangements for employees to work remotely.<sup>7</sup> Approaching management practices from a perspective of supervision and oversight would, in such circumstances, diminish the role of managerial staff, considering that employees working remotely had more autonomy in organizing working schedules and choosing work environment. Arguably, the remote working culture was already gaining ground in business, and the occurrence of COVID-19 pandemic only accelerated its rate of adoption in work culture. With organizations carrying on with remote work culture in post-

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<sup>6</sup> Asad Syeda, Q. and Manzoor Salman. Effects of Digitalization on Management Practices. Dissertation Thesis. University of Karachi, Pakistan. 2021, p.1665

<sup>7</sup> International Labour Organization. COVID-19 and the world of work: Impact and policy responses.2020, p.4

pandemic period, occupants of managerial roles are likely to be expected to realign their competencies and work practices so that they maintain capability of handling management functions in a dynamic digital work environment.

Another issue associated with economic disruptions that equally influence management practices emanates from changes in geopolitical environment. In situations where geopolitical relations between countries or regions deteriorate, business organizations bear the consequences of disruptions in supply chains, loss of market, decline in supply of raw materials, and unfavorable business environment.<sup>8</sup> Issue arising from deterioration in geopolitical relations manifest in the case of Ukraine-Russia War has disrupted oil and foods market, leading to inflation in many countries. Another exemplar is the economic struggles witnessed during Brexit, where exit of Britain from European Union predisposed business organizations to market barriers imposed by countries where they previously enjoyed well-established markets and conducive business environments. Tariff war between China and the U.S presents another instance where deterioration in business relationships have led investors to incur tremendous losses of sales due to the imposition of barriers targeting key market niches. To withstand economic shocks witnessed to emanate from geopolitical challenges, business leaders are shifting focus to diversification of supply chains as way of ensuring their businesses have access to sustainable sources of raw materials and markets.

### **Changes in Demographics and Social-Culture Trends**

As markets continue to flood with Millennials and Generation Z population, business leaders are forced to alter managerial and business practices so that they rhyme with trends and preferences relating to consumption behaviors and work cultures of the young

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<sup>8</sup> Eldman Richard. Businesses must take action on geopolitical issues or risk losing public trust: Edelman. World Economic Forum. 2022, np.

generations. Unlike older generations, for which employees were accustomed to office-based routines with specified work hours, members of Millennial and Generation Z exhibit more preference for work arrangements that allow them more autonomy and mobility.<sup>9</sup> Managers are thus expected to be capable of dealing with employees who prefer to work remotely as opposed to working from office, dress casually, and have a high level of work-life balance. In this regard, business leaders are compelled to formulate or adopt work cultures and business practices that do not put employees in restrictive positions.

In addition to work culture, the young Millennial and Generation Z population is noted to be highly dependent on digital media and social media platforms as sources of information intended to inform marketing decisions. Business organizations are consequently pushed to adjust the manner in which marketing and promotional activities are conducted. Managers have to learn how to manage, monitor, and evaluate effectiveness of practices like influencer and internet marketing. Relating to work culture and consumer trends is increased recognition of LGBTQ+ community, diversity and inclusion, and corporate social responsibilities.<sup>10</sup> To cope with influences from such social-cultural and demographic issues, business leaders are forced to alter managerial practices to ensure workplaces and brands are not only conducive but also responsive to disparate demands, preferences, and expectations of different social groups.

### **Conclusion**

The modern business environment is observed to be surrounded by trends and forces that influence the manner in which business leaders interact with employees, other actors in

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<sup>9</sup> Valickas Andrius and Jakstaite Kristina. Different Generations' Attitudes towards Work and Management in the Business Organization. *Human Resources Management & Ergonomics*. Vol 11(1), pp.108-119., 2017., p.110.

<sup>10</sup> Ohunakin Folakemi et al. "The Effects of Diversity Management and Inclusion on Organizational Outcomes: A Case of Multinational Corporation," *Verslas Teorija ir Praktika*, Vol 20(1); 93-102, 2019., p.94

industry, and served communities. Dynamics in business environment emerge to be imposing pressure on business leaders in ways that compel them to change managerial practices for their occupations to remain relevant, effective, and useful in modern business environment. Among factors that emerge to be influencing managerial practices include the digitalization of business activities, events that are disruptive of economic trends, and changes in demographic and social-cultural trends. Digitalization is observed to push business leaders to enhance their competencies and work cultures to ensure they are capable of managing employees and business processes in technology-driven economies. Disruptive events like COVID-19 pandemic and geopolitical conflicts are observed to necessitate the diversification of supply chains and enhancement of logistical operations to secure business continuity and sustainable operations. On the other hand, demographic trends compel leadership community to adopt practices that are representative, accommodative, and responsive to trends in social-cultural dynamics. Amid the influencing forces, the role of leadership community and managerial practice is not diminished but forced to undergo transformations aligned with technological advancement, economic resilience, and responsiveness to social-cultural needs.



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